



UNAPPROVED

Minutes of the Commission Meeting

Room 412, Capitol Building

December 2, 2016

Chairman Turbiville called the December 2, 2016 meeting of the South Dakota Lottery Commission to order at 10:00 a.m.

MEMBERS PRESENT: Chuck Turbiville, Jim Putnam, and Robert Faehn. Joe Kafka and Brent Dykstra attended via teleconference.

MEMBER ABSENT: Bob Hartford was absent.

SUPPORT STAFF PRESENT: Norm Lingle, Clark Hepper, Sherry Lauseng, Kelly Thompson, Jennifer Baker, Sam Stanforth, Robyn Seibel, Justin Pierson, Andy Gerlach, David Wiest, and Andrew Fergel.

APPROVAL OF THE AGENDA

Commissioner Faehn moved that the agenda be approved. Commissioner Putnam seconded. Roll was called: Aye – Dykstra, Kafka, Faehn, Putnam, and Turbiville. Motion carried.

APPROVAL OF THE MINUTES FROM THE SEPTEMBER 15, 2016, MEETING

Commissioner Faehn moved that the minutes be approved. Commissioner Putnam seconded. Roll was called: Aye – Dykstra, Kafka, Faehn, Putnam, and Turbiville. Motion carried.

CONFLICT OF INTEREST

Commissioner Faehn mentioned owning and operating a radio station in Watertown with the South Dakota Lottery being an occasional advertising customer as a possible conflict of interest.

SECRETARY OF REVENUE COMMENTS

Secretary of Revenue Andy Gerlach reported on the following:

Secretary Gerlach thanked Chuck Turbiville and Bob Hartford for their years of leadership on the Lottery Commission.

Gerlach predicted that the South Dakota economy would continue to grow, but slowly. Sales and Use Tax, Contractors' Excise Tax and video lottery are the three largest contributors to the General Fund. The Department of Revenue saw a 2.2% year over year increase in the Sales and Use Tax, but the raising this year of the sales tax from 4% to 4.5% should be taken into consideration. The Contractors' Excise Tax was up 4.77% and video lottery revenue was up 3%. The Deadwood gaming handle was down 3.6%, but the number of visitors was up.

Gerlach felt the agriculture industry and e-commerce were two key factors in the slow growth. The agriculture industry is driven by livestock and commodity prices – more supply than demand pushed prices down. Remote sales or internet sales were up 15% over the previous year and made up 10% of retail sales nationally, so the amount of tax revenue lost to online sales has continued to grow.

After passing Senate Bill 106 last year, the Department of Revenue issued lawsuits to Overstock, Wayfair, and New Egg, with a hearing scheduled for December 8, 2016.

Commissioner Putnam asked if anything could be done to help local retailers compete with online sales. Gerlach stated that the Federation of Tax Administrators and Streamlined Sales Tax Governing Board were working to help. He noted brick and mortar businesses not only benefit from sales tax revenue, but they employ people in our communities. Tennessee and Utah passed laws similar to Senate Bill 106 that forced online businesses to remit taxes if they reached a certain threshold in sales in that state. Wyoming and Nebraska will be proposing a bill similar to South Dakota's to their legislatures. There's mounting momentum amongst the states to correct the problem. A lawsuit taken up by the Supreme Court could be the best way to gain traction.

Commissioner Faehn wondered if there was a way to enforce Senate Bill 106. Gerlach answered that lawsuits were the way to enforce it, that the Department of Revenue had good data on those selling in South Dakota, and that over 100 companies had already voluntarily complied.

STATE BUDGET PROCESS

Secretary Gerlach predicted the Governors' Budget Address on December 6th would give some valuable perspective and be a good precursor to the 2017 Legislative Session. He reported that state revenues were 3.6% below projections and down about \$20 million for the year. July revenues were down \$1.7 million, August's were down \$3.8 million, September's were down \$5.7 million, and October's were down \$8.7 million. Iowa's revenues were up less than 3%, but Nebraska had a \$9.10 million revenue shortfall. North Dakota plans to have a Special Legislative Session because of the effect oil and agriculture industries have had on their budget.

The 2017 Legislative Session will be January 10 through March 10 with the final day on March 27. The State of the State address will take place on January 10. The Department of Revenue (DOR) created a package of proposed legislation and sent it to the Governor's Legislative Task Force to look over and discuss. Gerlach thought the Department would have about 10 bills this year. One bill, driven by the Internal Revenue Service (IRS) and the confidential information taken in by the DOR, would require state agencies dealing with the IRS to perform more background checks. The Department was also looking at legislation to refine alcohol and wine laws. There are definite lines between manufacturers, wholesalers, distributors, and retailers that define what each can and cannot do. The department issued some guidance on these issues over the summer, but rules need to be set for clarification.

Commissioner Putnam wondered where South Dakota stood on collecting taxes on wine purchased over the internet. Gerlach answered that the DOR has developed standards to force distributors to register or be licensed to ship wine from out-of-state. Gerlach felt the situation would continue to evolve and revenues would continue to erode unless the Department's policies evolved as well.

EXECUTIVE DIRECTOR'S COMMENTS

Executive Director Norm Lingle reported on the following:

Lingle updated Commissioners on the Lucky for Life game. The lotto-style game was recommended by vendors at the Strategic Planning meeting in May. The game group has approved South Dakota to become part of Lucky for Life, which is sold in 15 other states. Some surrounding states already selling the game include: Iowa, Minnesota, North Dakota, Montana, Wyoming, and soon Nebraska. The top prize is \$1,000 per day for life and the second prize is \$25,000 per year for life. The prizes are not jackpot driven and remain the same for each draw. Winners will be able to choose an annuity or cash value. The game will fit nicely into South Dakota's lotto line up, with draws on Mondays and Thursdays, meaning there will be draws six days a week. The Lottery will be working to draft Administrative Rules to present at the March meeting for approval from the Commission. Lottery staff will be working with IGT on software programming needed for the game and has met internally to discuss a marketing campaign to familiarize players with Lucky for Life before its launch around the 15th of May.

Lingle next filled the Commission in on the need for a common Application Programming Interface (API), which is a communication protocol that describes and prescribes a set of questions and expected answers. API communicates with video lottery machines in the field via the SAS communication protocol. With roughly 47 lotteries in North America, a common API would make it easier for lotteries to sell in big box stores and chain

retailers. It would give chain retailers one process of communicating and one set of requirements that would apply across the board for all lotteries. A common API would also open up the option for in-lane sales, which are gift cards that clerks scan to print out lotto tickets with receipts. Director Lingle is on the work group that is working on the creation and implementation of the API. The hope is to have the API established in 2017.

Commissioner Putnam wondered if big box retailers would become licensed lottery partners and what impact that would have on the Lottery. Lingle responded that they would become licensed retailers for the South Dakota Lottery, like convenience stores, and gave Hy-Vee as an example where a common API would be beneficial. He said the Lottery was all about convenience for players and this would give them an opportunity to buy tickets where they're already shopping. Retailers would benefit from more business as well as the 5% commission and selling bonuses.

Commissioner Putnam asked if a common API had been developed anywhere else. Lingle said that this would be new for United States lotteries, but Europe had implemented a common API and that technology would be brought to the US.

Commissioner Putnam inquired as to whether this was a serious endeavor. Lingle said the end goal was to have a common API, but he didn't know when it would happen. He expected larger states who sell more tickets to get the technology first and for there to be a slow roll out.

Commissioner Faehn asked how this could affect the growth of jackpots. Lingle said he was unsure but would check with vendors to see if they had estimates to share.

Lingle thanked Chuck Turbiville and Bob Hartford for their time on the Commission, saying they had served as chairs, contributed substantially to the growth of the Lottery, and given it a new mindset to run more like a business. Lingle then presented Chair Turbiville with a plaque for his service.

DECLARATORY RULING 17-1: LOTTO RETAILER INCENTIVES

Executive Director Norm Lingle reported on the following:

Director Lingle discussed the reason for updating the ruling, saying that Legislative Audit recommended that incentive bonuses be removed from add-on options (Power Play, Megaplier, Sizzler) and that Wild Card 2 bonuses be removed since that game is no longer offered.

Commissioner Putnam asked if the Commission could act on this without the Legislative Rules Committee. Lingle responded in the affirmative.

Commissioner Putnam moved that Declaratory Ruling 17-1 be approved. Commissioner Dykstra seconded. Roll was called: Aye – Dykstra, Kafka, Faehn, Putnam, and Turbiville. Motion carried.

ONLINE LICENSE APPLICATION

Deputy Director Clark Hepper reported on the following:

First, Hepper gave some background on the new online licensing application process, saying that the Lottery and Bureau of Information and Telecommunications (BIT) was in the process of automating the licensing application process.

The current application is a manual process done through the mail, which slows the process and only allows for payment via check, money order, or cash. DOR uses an online application process called the Cedar System, so BIT was able to program the process without having to recreate the programming.

A Lottery Lean Team including Clark Hepper, John Hepper, Marla Gruber, Ron Leidholt, Sherry Lauseng, Randy Slama (BIT), Robyn Seibel, and Samuel Stanforth, was developed to streamline the process. The team worked on a "Green Sheet" process which internally tracked steps taken during the application process, the number of

employees involved, and how many decisions were made. The team felt that simplifying and streamlining the application process would increase staff productivity and reduce applicant wait time.

Process improvement goals included improving the customer licensing experience, offering additional payment methods, and reducing the application process time by performing steps simultaneously, removing delays, identifying back up people, reducing hand off, consolidating duties, and reducing the number of decisions through automation.

All lottery license types including instant and online retailers, as well as video lottery establishments, operators, manufacturers, and distributors will be licensed through the new online process.

The current licensing process involves six decision points, 65 steps, 17 handoffs, and 425 minutes with lots of potential delays.

To improve the process the Lean team chose to focus on reducing the number of handoffs, developing notifications for employees to start their work simultaneously, having all entries done at once at the beginning of the process, and eliminating time delays by creating backups for key steps (no more waiting due to employees on vacation, sick leave, etc.).

SUMMARY SCORECARD

Number of decision points improved by 67% - from 6 to 2
Number of process steps improved by 52% - from 65 to 31
Number of handoffs improved by 76% - from 17 to 4
Total effort time improved by 48% - from 425 to 220

Internal testing of the online application process will be done during the month of December with hopes to launch in mid-January.

Commissioner Putnam applauded the Lean team for its efforts and wondered what the cost savings might be. Hepper said the process will save our partners time, make it easier for licensees to pay online, and reduce staff time spent, but he couldn't give a cost saving estimate yet.

Commissioner Dykstra asked how many licenses are processed per year. Hepper estimated that roughly 200 new and change of ownership applications were processed annually.

Commissioner Faehn wondered if the system would be used for license renewal as well. Hepper said that new and change of ownership licenses would be changed over first with renewals to follow.

Commissioner Faehn asked if there were safety precautions involved since there would be less human oversight. Hepper replied that the licensing manager would still perform background checks and provide them to the Division of Criminal Investigation (DCI) but would now be able to do that online.

FY17 INSTANT AND ONLINE PERFORMANCE REVIEW

Business Analyst Sam Stanforth reported on the following:

Stanforth presented an instant and online performance review for fiscal year 2017 through the end of October.

Instant sales from 2008 through 2017 showed sales trailing behind where they were last fiscal year, but still on track to be the second highest sales year on record and still ahead of sales over the last 10 years.

Instant sales performance by county showed mid-eastern SD as the only real highlight with Minnehaha, Lincoln, Brookings, and Beadle all up. Virtually every other population center in the state was down in sales. Davison,

Union, Codington, Lawrence, and Custer were all down 3-10%, which made for a \$10,000 to \$20,000 drop for those counties. The largest decreases were in Pennington (-3.72%), Brown (-14.5%), Hughes (-20.6%), and Yankton (-21.2%). These counties all saw a decrease in dollars between \$47,000 and \$53,000.

Looking at instant sales performance by city, over 20% of instant ticket revenue was generated by Sioux Falls and over 10% by Rapid City. Sioux Falls and Huron were the only cities in the top ten showing growth. Brookings was negative, but still above the state average trend. Yankton (-21.19%) and Pierre (-20.22%) were down by the largest percentages.

Instant sales by ticket price showed \$5 games were most popular, making up 30% of ticket sales. Some of the losses seen this year compared to last year could be attributed to a drop in sales at end of August in the \$5 and \$2 games.

Online sales from 2008 through 2017 showed that a large portion of sales generated in 2016 could be attributed to the \$1.5 billion jackpot run in Powerball. FY17 began with above average jackpot runs in both Powerball and Mega Millions and the projection will improve as more jackpot runs occur. When November's sales are added, the projection will already be increasing due to a brief jackpot run in Powerball that generated a couple weeks of high sales.

A look at year over year change by county showed sales were up, but when January hits sales will even out due to the record setting Powerball jackpot run last January. Only three counties had seen declines in sales compared to the same period last year. Minnehaha, Pennington, Brown, and Codington were all up about 10%.

All top ten cities saw sales growth, with Sioux Falls up 11.34%. Sioux Falls, Watertown, Brookings, and Huron were the only top ten cities that were outperforming the state average.

Online sales by game showed Powerball was the best-selling online product. Online sales increase quickly when jackpots hit a certain threshold. With Powerball, that threshold was about \$340 million; prior to the \$1.5 billion jackpot that number was closer to \$240 million.

SUMMARY

- Instant sales were trailing from last year's record, but still up over sales from 2008 through 2015.
- Sioux Falls and Rapid City accounted for about 35% of both instant and online sales.
- \$5 games made up approximately 30% of instant sales.
- As the anniversary of the \$1.5 billion jackpot run approaches, online sales are predicted to trail the previous year's sales unless a couple of significant runs are on the horizon.

Commissioner Faehn said that instant sales seemed to be up and wondered if sales in Sioux Falls made up for low sales elsewhere in the state. Stanforth responded that instant sales were down from the previous year, but Minnehaha did make up a large portion of sales.

VIDEO LOTTERY POLLING TELEPHONE LINES

Director of Video Lottery and Security Robyn Seibel reported on the following:

Seibel said the Lottery was seeking the Commission's approval to stop their involvement with ordering and maintaining telephone polling lines. In 1989 when the video lottery first began, US West was the only provider and the Lottery could take advantage of the state contract rate and pass it on to establishments. Over the years, many phone providers have become available, enabling operators across the state to negotiate their own contracts.

Administrative Rule 48:02:05:04 sub 13 states that operators will assume responsibility for the installation and operation of, and payment for, communication lines into establishments as required by the lottery to provide direct communication between each machine and the central computer.

Currently the Lottery must submit all work orders because they are the account holder. This creates a lot of back and forth between the operator, Lottery, and telephone provider when problems occur, which has caused unhappy operators because they have to work with the Lottery to get service back up and that slows the process. Seibel stated that there was no financial incentive for Lottery to continue to serve operators in this capacity.

Lottery had reached out to the Licensed Beverage Dealers and Gaming Association (LBDGA), MG Oil, and the Music and Vending Association (MVA) to see how they felt about the change. MG Oil was excited about taking control of their phone lines, the LBDGA did not respond, and MVA had concerns over the cost difference.

The Lottery's plan is to stop ordering phone lines as of Jan. 1, 2017. During the January through April transition, accounts would be transferred to operators so they can decide whether to keep the account or move it to a different phone company. The plan would be more efficient for the Lottery and would allow operators to work on their own timeline when fixes were needed.

Commissioner Putnam asked what was heard from the various groups contacted. Seibel said the LBDGA had no feedback, MG Oil wanted control of their phone lines, and MVA expressed concerns over no longer being able to use the State rate on Centrex contracts.

Chair Turbiville wondered what the cost per line would be. Seibel responded that Centrex's regular business rate was \$40-50 per line, a regular Century Link phone line would remain the same, but independent phone companies were also an option. She said there could be transfer fees on some accounts, but Centrex would not charge a transfer fee. Turbiville then asked if a lower rate could be negotiated. Seibel said that depended on the number of lines the operator was ordering. Lingle added that the Centrex rate was \$18 per line, so those on the state contract would see an increase in price but could negotiate a lower rate.

Commissioner Faehn commented that many markets have more than one phone operator and competition would drive rates down. Faehn then asked where the Lottery was at on moving away from phone lines and toward DSL or high speed internet. Seibel said DSL wasn't stable across the state and Lottery hasn't tried high speed internet.

Bob Riter with MVA testified that the video lottery industry had been on state contracts for a long time and his vendors believe those rates were favorable, especially for smaller operators who would not have a strong negotiating position. He felt going from \$19 per line to \$40 or \$50 per line was a big jump and some of his vendors were worried about doubling that monthly charge. He pointed out that the Administrative Rule hadn't changed, and that there would be an opportunity to switch accounts over when the central system was updated in 2019. Riter felt the Lottery had financial incentive to continue offering state rates because the Lottery wanted vendors to upgrade machines, and the lower rate on phone lines could help them do that. He felt three more years of using the same protocol wasn't a lot to ask.

Commissioner Faehn countered that MVA members would find that if they're in a market with more than one phone provider, they could get better rates, and he guessed that 80-90% of MVA vendors were in a competitive market. Riter voiced appreciation of Faehn's knowledge, but felt the increased cost would make a significant difference to a number of operators in rural areas who were not making a lot of money and still using legacy machines.

Commissioner Faehn asked if operators currently using DSL would be able to continue using it. Lingle responded that DSL use was capped at a certain level on the current central system but those already using it would be

allowed to continue. Lingle also clarified that Centrex lines were on the State contract and were primarily located in population centers where State Government had a presence.

Commissioner Faehn mentioned that high speed was much faster than DSL and wondered if there was a plan to move in that direction. Lingle responded that in 2019, a new central system would be implemented and that would determine how communication would be done.

Commissioner Putnam asked Riter if there was a problem with downtime for rural operators and if he saw value in operators being able to directly contact phone companies when systems go down. Riter responded that communication failures cost operators money, but the response time from the Lottery in getting operators back up and running quickly had improved.

Commissioner Putnam felt the goal was to keep the Lottery sustainable and that the transfer of phone lines to operators would be good for all involved.

Chair Turbiville asked if Riter or his vendors had talked to phone companies to see what the rates might be. Riter said they hadn't gone out and negotiated with phone vendors but figured the State could always negotiate a better rate.

Commissioner Kafka mentioned that it was necessary for Lottery to offer discounts early on but it didn't make sense for them to continue at this point as a middle man.

Commissioner Putnam wondered if the MVA could negotiate a group deal like the State does. Riter replied that association members could not combine to act in a manner that would disadvantage competitors but was not sure if that applied in this instance.

Commissioner Faehn moved that video lottery polling phone lines become the operator's responsibility. Commissioner Putnam seconded. Roll was called: Aye – Dykstra, Kafka, Faehn, Putnam, and Turbiville. Motion carried.

VIDEO LOTTERY REPORT

Director of Video Lottery and Security Robyn Seibel reported on the following:

Seibel reported on net machine revenue and terminal and establishment averages for FY17 as of Nov. 12, 2016. Net machine income (NMI) for FY17 was \$77.10 million which was a 3.51% increase over FY16. The number of terminals was at 9,091, which was up 2.12% from the previous year. The number of establishments was at 1,347, which was .07% less than in FY16.

Video lottery FY17 revenue projection as of October 31 was \$105.31 million versus \$102.80 million in FY16.

Next Seibel updated commissioners on the Gaming Labs International (GLI) security review contract that was approved at the previous meeting. From Jan. 9 through 13, GLI will be reviewing establishments in Sioux Falls, Rapid City, and North Sioux City; the review will include some places where robberies had taken place and some where they had not.

Chair Turbiville mentioned a call he received from the Aberdeen Chief of Police about casino robbery being a problem there as well. Seibel said she had talked with Aberdeen police.

Seibel also anticipated GLI presenting their results at the next Commission Meeting.

PUBLIC RELATIONS/ADVERTISING REPORT

Director of Advertising and Public Relations Kelly Thompson reported on the following:

BIG WINNERS CLAIMED (SINCE 9/15/16)

Lotto games had two jackpot winners in Dakota Cash – a \$179,661 jackpot in the Oct. 29 draw was claimed by Kenneth Boynton of Brookings and a \$32,541 jackpot from the Nov. 23 draw was claimed by Leo O’Dea of Vermillion. There were two non-jackpot high winners in Powerball – a \$100,000 ticket with Power Play sold in Watertown and a \$50,000 ticket sold in Black Hawk. Instant games had thirteen top prize winners of \$2,200 - \$50,000 on eleven different games since the Sept. 15 meeting.

PLAY IT AGAIN

The \$30K Dash for Cash promotion began Aug. 27 with monthly drawings for \$100 in scratch tickets or a gift card. Three monthly drawings have already been held with the next one scheduled for Dec. 16. The \$30,000 grand prize drawing on Feb. 28, 2017 has received 86,000 entries to date.

ANNUAL REPORT

Hard copies of the FY2016 report can be requested by emailing lottery@state.sd.us and viewed online at lottery.sd.gov under the Beneficiaries tab and then Reports.

NCPG HOLIDAY CAMPAIGN

This was the 7th year the South Dakota Lottery has participated in the National Council on Problem Gambling’s (NCPG) Holiday Campaign. More than 40 state and provincial lotteries took part this year. The theme “Lottery tickets aren’t child’s play” reminds people not to give tickets to minors as Christmas gifts. The campaign will run from Nov. 21 to Dec. 31 and will be promoted on the Lottery’s website, social media accounts, Players Club messaging, and ESMM slides (flat screen monitors at all retailers).

SCRATCH CAMPAIGN

The general scratch ticket ad campaign, *WHEN LUCK CALLS, SCRATCH IT*, promotes the little “wins” people experience every day like getting the last parking space or finding \$20 in the pocket of your coat.

The first run of a two-part schedule was just completed and ran from Oct. 10 through Nov. 6. The second run will be from May 1 through June 25, 2017. The campaign utilizes network and cable TV, digital pre-roll videos on mobile and social media, Facebook newsfeed ads and boosted posts, as well as online radio and traditional radio (Weather Eye sponsorship). Of the new elements used (social media, online radio and mobile displays), all have been surpassing the campaign goals, with the most success found on Facebook newsfeed ads and video pre-roll. New marketing methods aim to reach people where they live - on their mobile phones; this also helps reach a younger audience.

HOLIDAY CAMPAIGN

The *JOLLY GOOD FUN* holiday scratch ticket campaign utilizes a nostalgic holiday village display for the graphics. The campaign launched Nov. 7 with cable TV, radio (online and traditional), digital displays and social media. Digital billboards in Sioux Falls and Rapid City will be launching this week and network TV will be added to the mix starting Dec. 12. A *JOLLY GOOD FUN* landing page was added to the lottery website and can be found at jollygoodfunsd.com.

Commissioner Faehn asked if jackpot winners signed a release to allow their name in advertising. Thompson replied that a jackpot winner’s name and hometown were a matter of public record. Faehn then asked if Marsy’s Law would change that. Thompson said she would need to talk to Lottery’s Chief Legal Counsel Andy Fergel and get back to him on that.

SALES REPORT

Sales Director Justin Pierson reported on the following:

Instant game sales were down 3.01%, sitting at \$8.30 million versus \$8.56 million the previous year but Pierson anticipated that the holiday season would boost sales.

Scratch tickets coming out soon include “Stacks of Cash” a \$5 ticket that will be available in early December and the “X Family” of games, featuring \$1, \$2, and \$5 tickets with two \$100,000 top prizes available on the \$5 ticket. They will be released in late January.

Lottery met with Scientific Games on October 19 and 20 and planned out the next 6 months of game orders. Delivery will start in January with a second run delivered in March. Pierson said tickets will feature new art and play styles to revitalize instant sales.

An introduction and game planning meeting was held with Lottery’s second instant ticket vendor, Pollard Bank Note, on Nov. 2. Lottery will be looking at some possible licensed games once all tests have been run and the system is set up to validate and accept Pollard Bank Note tickets. That should be completed by Jan. 1.

Commissioner Putnam asked if the Lottery was charged for every meeting held with Lawrence & Schiller (L&S). Lingle said there was a charge but it was part of the contract and L&S worked with printers, radio, television, etc. to obtain better placement rates. He mentioned that some projects were done internally, but big items were done by L&S.

Lotto sales were up 11%, at \$8.10 million versus \$7.30 million the previous year. A couple of big Powerball jackpots this last quarter helped with sales.

GAME BY GAME

- Powerball was up 29.2%, at \$6.19 million versus \$4.79 million the previous year.
- Mega Millions was up 21.8%, at \$1.71 million versus \$1.41 million the previous year.
- Hot Lotto was up 2.2%, at \$1.15 million versus \$1.13 million the previous year.
- Dakota Cash was up 29.8%, at \$1.10 million versus \$0.85 million the previous year.

REVENUE PROJECTIONS

- Instant - \$5.17 million
- Lotto - \$6.60 million
- Video - \$105.31 million
- Total - \$118.29 million

The Dakota Cash with EZ Match option launched in August. In a comparison between the first 4 weeks of sales after a jackpot went out before EZ Match and the first 4 weeks after EZ Match was introduced showed a 44.8% increase after adding EZ Match. Sales before EZ Match were at \$60,126, and with it sales were \$87,085. Since the introduction of EZ Match, 27% of Dakota Cash tickets sold are sold with the EZ Match option.

NEXT MEETING DATE

Director Lingle is looking at March 10 or 27 for the next Commission Meeting.

For closing comments, Commissioner Kafka asked if the plaintiffs planned to lodge an appeal in the smoking ban lawsuit. Lingle said the plaintiffs chose not to appeal to the Supreme Court, concluding the lawsuit.

ADJOURNMENT

Commissioner Putnam moved to adjourn the meeting. Commissioner Faehn seconded. Roll was called: Aye – Dykstra, Kafka, Faehn, Putnam, and Turbiville. Motion carried. Chairman Turbiville adjourned the meeting at 12:46 p.m.